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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

SEP 7 1973

Volume 18

AUGUST 1973

Number 1

Released Pursuant to \$1000.3 and \$1090.85, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - AUGUST 1973

The Chattanooga Order MINIMUM uniform producer price is \$7.74 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of \$1.24 above August 1972 and an increase of 42 cents above July 1973.

In August 1973, 83.7% of producer milk received by pool plants was priced in Class I at \$7.88 per cwt. and 16.3% was priced in Class II at \$6.38 per cwt. for milk testing 3.5% butterfat. The August handler butterfat differential for Class I was 7.6 cents and Class II was 9.0 cents.

Total producer milk received at pool plants during August 1973 was 24,008,028 pounds which is a decrease of 14,693,845 pounds or a daily average decrease of 38.0% compared with August 1972. The August daily average deliveries from 601 producers was 1,289 pounds. This compares to 784 farms delivering a daily average of 1,592 pounds per day during August 1972.

HEARING TO RESUME ON FLUID MILK (CLASS I) PRICES IN ALL FEDERAL MARKETS

The U. S. Department of Agriculture (USDA) announced that a public hearing on milk prices which recessed August 30 in Clayton, Mo., will be resumed at 9:00 a.m. Tuesday, Sept. 18. The hearing was set to review levels of fluid milk (Class I) prices paid to farmers in all federal milk marketing orders. Everyone interested - producers, milk dealers, and consumers - is invited to attend the hearing and present evidence.

In the first session of the hearing, held Aug. 28-30, testimony was concerned primarily with a proposal to permit use of the preceding month's (instead of the second preceding month's) average Minn/Wisc. manufacturing milk price in determining Class I prices. Under emergency action, announced by USDA Sept. 4 (USDA press release 2739-73), Class I prices under all orders for Sept. 9-30 will be increased through this proposed procedure 60 cents per hundredweight (46 quarts).

Proposals to be considered in the reconvened session include those that would:

- Provide for increases in Class I order prices.
- Provide a minimum, or "Floor," for the basic formula price used in determining Class I prices in the fall and winter months.
- Suspend base or quota plans for paying producers if and while emergency price provisions are in effect.

Evidence will also be received concerning the levels of premium prices now being paid above order prices and whether these would affect the level of market prices in conjunction with any amendments which might result from the hearing.

The hearing also will consider whether the usual recommended decision and period of time for public comments should be omitted so that any action based on the hearing may be taken more promptly.

Copies of the hearing notice containing the proposals may be obtained from the market administrators of the federal milk orders, or from the Dairy Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington, D. C. 20250.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Aug. '73			
	Over	Aug.	July	Aug.
	Aug. '72	1973	1973	1972
Number of Plants - Pool		4	4	7
- Non-Pool		13	13	13
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 38.0	774,453	1,010,756	1,248,448
Other Source	+ 56.7	51,170	35,293	32,654
Other Federal Orders	- 32.9	79,666	82,427	118,782
TOTAL MILK RECEIPTS	- 35.3	905,289	1,128,476	1,399,884
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	- 15.4	388,494	377,666	458,961
Skim	- 7.9	20,469	20,338	22,220
2% Milk	+ 7.8	158,158	148,883	146,659
Buttermilk	- 7.7	54,721	54,028	59,256
Flavored Milk and Drink	- 10.6	25,384	23,433	28,402
Creams (Sweet and Sour) and Dip	- 10.5	3,467	3,731	3,873
Yogurt	- 39.9	365	423	607
Pkg. Items Sub-Total (Pool Plants)	- 9.6	651,058	628,502	719,978
Other (Shrinkage, Inventory, etc.)		(2,508)	2,782	6,052
Sales to Non-Pool Plants		-0-	133,180	216,671
In-Area Sales by Non-Pool Plants	+ 114.3	94,387	92,959	44,047
TOTAL CLASS I MILK	- 24.7	742,937	857,423	986,748
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	- 11.0	68,114	80,874	76,555
Livestock Feed and Milk Dumped		5,085	5,259	11,619
Shrinkage Class II		12,084	16,669	20,754
Other (Inv. Variation, Cottage Cheese, etc.)		61,435	66,260	68,895
Bulk Sales to Non-Pool Plants		15,634	101,991	235,313
TOTAL CLASS II MILK	- 60.7	162,352	271,053	413,136
<u>CLASS I PACKAGED POUNDS</u>				
Distributed In Area - Pool Plants	- 8.9	457,456	439,970	502,104
Distributed Out of Area - Pool Plants	- 11.1	193,602	188,532	217,874
Distributed In Area - Non-Pool Plants	+114.3	94,387	92,959	44,047
% Producer Milk of Gross Class I		104.2	117.9	126.5
% Producer Milk Priced in Class I		83.7	75.5	70.6

TOTAL PACKAGE CLASS I POUNDS (DAILY AVERAGE) ON ROUTES IN THE
MARKETING AREA BY POOL PLANTS AND NON-POOL PLANTS

	% Aug. '73			
	Over	Aug.	Jul.	Aug.
	Aug. '72	1973	1973	1972
<u>PACKAGE ITEMS</u>				
Homo Milk	- 4.6	345,921	335,216	362,639
Skim	+ 1.6	16,007	15,817	15,752
2% Milk	+ 22.5	117,720	111,209	96,094
Buttermilk	+ 1.3	47,288	47,089	46,692
Flavored Milk and Drink	+ 0.2	21,532	19,848	21,486
Fluid Creams and Yogurt	- 3.2	3,375	3,750	3,488
Class I Package Pounds - In Area	+ 1.0	551,843	532,929	546,151

COMPUTATION OF PRODUCER UNIFORM PRICE

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August 1973	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Gross Value
Gross Class I		23,031,053	2.877		
Less Other Source		2,946,669	2.774		
Producer Milk Class I	83.7	20,084,384	2.891789	\$7.417760	\$1,489,811.40
Gross Class II		5,032,899	5.770		
Less Other Source		1,109,255	0.078		
Producer Milk Class II	16.3	3,923,644	7.378779	9.870901	387,299.01
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	24,008,028	3.625100		\$1,877,110.41
Less Fractional Adjustment					.12
Add Value of Inventory Reclassified					1,550.79
Add Value of Class I Other Source and Producer Location Adjustment		4,513	0.00		370.00
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					13,872.66
TOTAL VALUE AT TEST		24,012,541	3.624419	\$7.882980	\$1,892,903.74
Less Test over 3.5% @ 8.0¢ per point		24,012,541	.124419	.099535	23,900.88
TOTAL UTILIZATION VALUE AT 3.5%		24,012,541	3.5	\$7.783445	\$1,869,002.86
Less Producer-Settlement Fund Reserve		24,012,541		.043445	10,432.25
PRODUCER UNIFORM PRICE - 3.5% TEST		24,012,541	3.5	\$7.74	\$1,858,570.61

AUGUST 1973 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$7.34	3.6	\$7.82	4.2	\$8.30	4.8	\$8.78	5.4	\$9.26
3.05	7.38	3.65	7.86	4.25	8.34	4.85	8.82	5.45	9.30
3.1	7.42	3.7	7.90	4.3	8.38	4.9	8.86	5.5	9.34
3.15	7.46	3.75	7.94	4.35	8.42	4.95	8.90	5.55	9.38
3.2	7.50	3.8	7.98	4.4	8.46	5.0	8.94	5.6	9.42
3.25	7.54	3.85	8.02	4.45	8.50	5.05	8.98	5.65	9.46
3.3	7.58	3.9	8.06	4.5	8.54	5.1	9.02	5.7	9.50
3.35	7.62	3.95	8.10	4.55	8.58	5.15	9.06	5.75	9.54
3.4	7.66	4.0	8.14	4.6	8.62	5.2	9.10	5.8	9.58
3.45	7.70	4.05	8.18	4.65	8.66	5.25	9.14	5.85	9.62
3.5	7.74	4.1	8.22	4.7	8.70	5.3	9.18	5.9	9.66
3.55	7.78	4.15	8.26	4.75	8.74	5.35	9.22	5.95	9.70

CHATTANOOGA FEDERAL ORDER - MILK BASE RULES

The following Federal Order rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf. Dif.	Cwt.	Bf. Dif.	Cwt.	Bf. Dif.
Aug. '72	\$6.50	-	-	8.0¢	\$7.10	8.1¢	\$5.07	8.0¢
Sept.	6.72	-	-	8.2	7.16	8.3	5.10	8.1
Oct.	6.73	-	-	8.2	7.22	8.4	5.18	8.0
Nov.	6.92	-	-	8.2	7.25	8.3	5.32	8.0
Dec.	6.91	-	-	8.2	7.33	8.3	5.41	8.1
Jan. '73	6.90	-	-	8.2	7.47	8.5	5.43	7.8
Feb.	7.10	-	-	8.0	7.56	8.1	5.45	7.8
Mar.	6.95 2/	\$7.07	\$5.55	7.8	7.58	8.1	5.55	7.4
Apr.	6.80 2/	6.95	5.63	7.4	7.60	7.7	5.63	7.1
May	6.94 2/	7.10	5.66	7.2	7.70	7.4	5.66	7.0
June	7.10 2/	7.24	5.73	7.2	7.78	7.3	5.73	7.0
July	7.32 2/	7.44	5.78	7.4	7.81	7.3	5.78	7.3
Aug.	7.74	-	-	8.0	7.88	7.6	6.38	9.0
Sept.	-	-	-	-	8.37	9.4	-	-
Oct.	-	-	-	-	8.53	-	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE					
	Chi. 92 ⁰	Chi. Area	Minn/Wisc.	(Daily Average)				Percentage Use	
	Butter ¢ Lb.	Powder ¢ Lb.	Mfg. Milk Cwt. - 3.5%	Class I Pounds	Test-%	Class II Pounds	Test-%	Cl. I	Cl. II
Aug. '72	69.50	31.67	\$5.07	881,026	3.15	367,422	4.72	70.6	29.4
Sept.	70.25	31.83	5.10	1,013,082	3.21	276,604	5.24	78.6	21.4
Oct.	69.38	33.70	5.18	988,985	3.21	302,983	5.74	76.5	23.5
Nov.	69.29	34.99	5.32	981,185	3.17	198,072	7.50	83.2	16.8
Dec.	70.49	37.36	5.41	920,115	3.15	254,774	6.93	78.3	21.7
Jan. '73	67.72	39.06	5.43	885,877	3.04	316,704	6.53	73.7	26.3
Feb.	67.71	40.34	5.45	959,795	3.09	267,892	7.19	78.2	21.8
Mar.	64.17	41.99	5.55	888,264	3.01	373,861	5.92	70.4	29.6
Apr.	61.58	43.98	5.63	767,656	3.02	540,208	4.95	58.7	41.3
May	61.00	45.20	5.66	793,404	2.93	484,871	4.80	62.1	37.9
June	61.00	45.24	5.73	779,652	2.98	407,557	4.87	65.7	34.3
July	63.43	45.51	5.78	763,373	3.03	247,383	5.55	75.5	24.5
Aug.	78.15	47.96	6.38	647,883	2.89	126,570	7.38	83.7	16.3

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/				PRODUCER DATA				
	No.	Total	Class I	Pool	No.	Total	Base	Average	Av. Per
	Hdler	Receipts	Use	Plants	Prod.	Delivery	Delivery	Test-%	Farm
Aug. '72	20	1,399,884	986,748	7	784	1,248,448	-	3.61	1,592
Sept.	20	1,431,164	1,123,583	7	786	1,289,686	-	3.64	1,641
Oct.	19	1,440,419	1,096,711	7	778	1,291,968	-	3.80	1,661
Nov.	18	1,306,518	1,054,189	7	722	1,179,257	-	3.90	1,633
Dec.	19	1,295,846	981,606	7	723	1,174,889	-	3.97	1,625
Jan. '73	18	1,301,289	958,995	6	769	1,202,581	-	3.96	1,564
Feb.	18	1,315,283	1,026,601	6	745	1,227,687	-	3.99	1,648
Mar.	18	1,354,127	956,276	6	739	1,262,125	1,162,997	3.87	1,708
Apr.	18	1,412,799	839,607	6	732	1,307,864	1,162,188	3.82	1,787
May	18	1,367,832	861,685	6	726	1,278,275	1,140,405	3.64	1,761
June	18	1,273,527	843,702	6	720	1,187,209	1,076,817	3.63	1,649
July	17	1,128,476	857,423	4	630	1,010,756	938,848	3.64	1,604
Aug.	17	905,289	742,937	4	601	774,453	-	3.63	1,289

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I